

# Hatching a Plan – The Case for a Hoover Business Incubator

July 26, 2016

The themes of this election so far have largely focused on how we *spend* money. This has caused some candidates to settle into the question “if you support X, then you have to take the money from Y.” This lose-lose model of politickin’ is well understood at the national level. But at the local level it takes on a whole new meaning. People don’t like to choose between things that are precious and important (<http://electmikeshaw.com/focusing-on-whats-important-and-protecting-what-is-precious/>) to them. Some politicians know that.

But in a growing city where advancement and progress is not optional, the “zero sum game” is a false choice that can lead to some very bad decisions. It’s time we start looking at the bigger picture. How do we take our city to the next level? How do we make a bigger pie with room for more slices?



OK, I realize I’m in the middle of a pie analogy. But I’m going to stick with “hatching” since this picture cuter than pie....

I think we should grow by implementing plans that both accentuate and protect our strengths. Conventional wisdom (and some data) would list a few of these as follows:

## **Some Hoover strengths:**

- A powerhouse retail sector (<https://www.biggestuscities.com/demographics/al/business-retail-sales-by-city>)
- Superior accessibility via interstate
- A well educated (<http://www.clrsearch.com/Hoover-Demographics/AL/Education-Level-and-Enrollment-Statistics>) population

### **..and associated vulnerabilities**

- The one-two punch of competing retail locations ([https://en.wikipedia.org/wiki/The\\_Summit\\_\(Birmingham,\\_Alabama\)](https://en.wikipedia.org/wiki/The_Summit_(Birmingham,_Alabama))) outside of Hoover and Amazon.com (<http://www.wsj.com/articles/kohls-shows-effects-of-retail-slump-as-some-ponder-the-amazon-factor-1463084218>).
- The development of other metro areas with equal ([https://en.wikipedia.org/wiki/Interstate\\_22](https://en.wikipedia.org/wiki/Interstate_22)) equal or better accessibility ([https://en.wikipedia.org/wiki/Interstate\\_422](https://en.wikipedia.org/wiki/Interstate_422))
- A very competitive environment (<http://www.towncharts.com/Alabama/Education/Vestavia-Hills-city-AL-Education-data.html>) for employed citizens.

These are a few things that ‘everyone knows’ about Hoover.

But there is another characteristic of Hoover that I’m not sure we’re all aware of. We have a huge number of successful entrepreneurs. While I don’t have any quantitative numbers, I’ve lived in this area since I was 11 years old, and I’ve met and worked with many of these motivated individuals.

They are very good at what they do, and typically they don’t just do it once. Many have started multiple successful companies and are always planning on their next venture. However, often they must go outside Hoover to do this.

What if we could create a way for these friends and neighbors to do this right here in our own home city? What if (as part of a bigger plan, of course) we implemented an incubator strategy ([https://en.wikipedia.org/wiki/Business\\_incubator](https://en.wikipedia.org/wiki/Business_incubator)) that not only kept that innovation here, but pulled in a few startups from other places as well? What if we worked with this knowledge-base to leapfrog the growing pains and bypass pitfalls that occur in many incubators?

There are two commonly cited facts ([http://www2.nbia.org/resource\\_library/faq/](http://www2.nbia.org/resource_library/faq/)) about incubators. Every dollar in public investment returns 10-30 fold. 14-84% of companies started in an incubator stay in their communities. That’s a pretty big range, and it’s because a successful business incubator is not easy. So having this expertise present in our community is a huge advantage that can’t be ignored.

So while this type of activity is not an automatic slam-dunk, some people are getting it right. Here are a few successful incubators in the southeast:

Emerge Memphis (<http://www.emergememphis.org/>) At nearly 20 years old, Emerge Memphis is a seasoned player with many successful businesses on it's startup roster.



Memphis is way more than Graceland. There's also a hunka hunka burnin' entrepreneurship goin' on. Such as here at the Emerge Memphis incubator. Courtesy Hord Architects

Innovation Depot (<http://innovationdepot.org/>) is a product of Birmingham's downtown master plan. Many people in Birmingham know about the Innovation Depot. While they would be competitive with a similar effort here at home, a little competition is not a bad thing. It's likely that member companies would work together a bit.

Atlanta Tech Village (<http://atlantatechvillage.com/membership/>) hosts over 170 startups (with a waiting list of over 20) in the middle of Buckhead. At just under \$30 million to start, this is the high end solution.



The uber-swanky Atlanta Tech Village

Now, think of how such a strategy would both play to our strengths as a city, and provide some protection for our vulnerabilities.

Employees at incubators tend to eat/shop locally (some studies list this sales tax benefit explicitly such as here

([http://www3.sanjoseca.gov/clerk/CommitteeAgenda/CED/20110926/CED20110926\\_d4att2.pdf](http://www3.sanjoseca.gov/clerk/CommitteeAgenda/CED/20110926/CED20110926_d4att2.pdf)) and here (<http://www.floridahightech.com/wp-content/uploads/2014/09/Publications-UCF-Incubator-Economic-Impact-Study-2011.pdf>)). So if we found the right location we could capture this sales tax revenue for our own city. With the right strategy, we could even use this as part of a revitalization plan for retail sections of Hoover that are not having the same success as other areas.

Startup companies would provide phenomenal internship opportunities

(<http://miamiherald.typepad.com/the-starting-gate/2013/05/internships-offer-a-taste-of-the-startup-life.html>) for students in our High Schools. The opportunities remain for students who go on to study in local universities. And when our kids graduate from far off places, startup companies provide opportunities to bring that brain-power home.

And then there are new ideas that are just now being tried, such as shopping mall based workspaces (<http://www.sfgate.com/style/article/Westfield-San-Francisco-Centre-pioneers-new-mall-5801646.php>). From another article (<http://www.bizjournals.com/sanfrancisco/blog/2015/05/westfield-san-francisco-centre-bespoke-coworking.html>):

*The project, developed by Westfield Corp. and developer Forest City, comes as malls look for ways to be innovative and stay relevant amidst the rise of online retail and customers' evolving shopping preferences.*

Sound familiar?

Would such a strategy be a singular approach? Definitely not. It would stand alongside things such as the sportsplex and public safety center (<http://www.hooverpd.com/hoover-public-safety-center.php>) in terms of direct impact. It would ideally be one piece of an overall economic impact plan for enhanced and diversified revenue.

We might also consider a small technology park in parallel. This would provide a incentive for “graduate” companies to stick around and enjoy the benefits of keeping innovation local (<https://medium.com/@scobleizer/here-s-how-small-town-america-is-primed-to-beat-silicon-valley-in-innovation-3923049865ed#.yskcqhcr>). The Bessemer Business Incubation System (<http://www.bessemerincubator.net/>) does something similar by feeding into local industrial parks.

If you think even bigger, an incubator might actually spark further economic developments of a similar nature. If we implemented the right combination of technology, location, and infrastructure, we could use this to expand to something bigger. Huntsville has Google Fiber ([http://www.al.com/news/huntsville/index.ssf/2016/04/heres\\_the\\_latest\\_on\\_google\\_fib.html](http://www.al.com/news/huntsville/index.ssf/2016/04/heres_the_latest_on_google_fib.html)). Montgomery will have it's Internet exchange ([http://www.al.com/business/index.ssf/2016/01/montgomery\\_to\\_get\\_first\\_intern.html](http://www.al.com/business/index.ssf/2016/01/montgomery_to_get_first_intern.html)) (partnering with Akamai and others (<https://muninetworks.org/tags-383>)). Mobile has some great things happening (<http://alabamanewscenter.com/2015/11/12/high-tech-corridor-taking-shape-along-mobiles-former-automobile-alley/>) with technology too.

What do you think? What about Hoover? I think it's definitely something we should explore when we start planning.

◀ (<http://electmikeshaw.com/the-top-10-school-systems-in-alabama-and-how-they-work-together-with-their-cities/>)

## 2 thoughts on “Hatching a Plan – The Case for a Hoover Business Incubator”



**Arnold Singer**

July 27, 2016 (<http://electmikeshaw.com/hatching-a-plan-the-case-for-a-hoover-incubator/#comment-133>)

[✎ Edit \(http://electmikeshaw.com/wp-admin/comment.php?action=editcomment&c=133\)](http://electmikeshaw.com/wp-admin/comment.php?action=editcomment&c=133)

Mike Shaw – you are definitely pointed in the right direction. The state of Alabama has now grabbed the use tax from out-of-state vendors/internet sales. Hoover is supposed to receive 3% of sales/use tax collected, but now all those sales are taxed a total of 8% and after grabbing its lion share it will distribute the rest to all based on percent of Alabama population or 1.74% of what is left after the state and counties get theirs.

I propose combining your idea with an entertainment district; and locate them in the area between Patton Creek and Preserve Parkway. This is the area most recently rezoned from apartments to commercial. The contribution from the city could be the roadway through the property.

Arnold Singer – Constructive Troublemaker – Singer for Place 3



**Pat Pissanos** (<http://Checkonpets.com%20%20%20%20%20Rossbridgepets.com>)

August 13, 2016 (<http://electmikeshaw.com/hatching-a-plan-the-case-for-a-hoover-incubator/#comment-156>)

 [Edit \(http://electmikeshaw.com/wp-admin/comment.php?action=editcomment&c=156\)](http://electmikeshaw.com/wp-admin/comment.php?action=editcomment&c=156)

Love this Mike! I am starting a new PET Software Application “startup” .  
I am currently looking at Innovation Depott. I am currently in discussions for a J/V partnership agreement.

In 1999 I started a software company LeMed,Inc. (Legal Med Ware) in my bedroom and subsequently sold it to LWW (a major Medical publisher)!

It would of been helpful to have had a Hoover Business Incubator back then, and definately now!

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